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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

17 May 1954

DRAFT MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Israeli Policy Leading to Crisis in Arab-Israeli Affairs

1. Arab-Israeli relations have been plunged into the most dangerous state of tension since the end of the Palestine War by a series of violent incidents which started on 17 March. We believe that recent developments have created a situation likely to lead to border clashes of increasing size and intensity and to great danger of the accidental renewal of the Palestine War.

2. Israeli initiative has been the root cause of this growing deterioration in the Arab-Israeli situation. For more than a year the Israelis have felt that events were running against them, among the most important of which have been such developments as the US arms aid agreement with Iraq, which they believe indicate an increasingly pro-Arab US policy. Fearful that in time a growing rapprochement between the US and the Arab states will redound, gradually to Israel's disadvantage, Israel has adopted an increasingly bold and aggressive policy designed to secure replacement of the present unsatisfactory armistice by some more permanent arrangement before Israeli bargaining

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power declines. The Government apparently hopes to create a situation in which the great powers will feel compelled to intervene and force the Arab states into a settlement with Israel.

3. We believe that in the absence of strong pressure from the great powers Israel is unlikely to moderate this policy, despite the risks of open hostilities involved. Moreover, if the forthcoming Security Council proceedings on the Palestine question result in an apparent defeat for Israel, extremist elements in and out of the government will probably go further and press for a reopening of the Arab-Israeli war. They will argue that this is the only means by which the great powers can be forced to intervene and impose the permanent settlement Israel wants. However, we believe that the Israeli Government would probably not go so far as to deliberately reopen full scale hostilities for fear that: (a) the UK would honor its treaty obligations to Jordan; (b) the parties to the Tripartite Declaration of 1950 -- the US, UK, and France -- might impose a settlement favorable to the Arab states; and (c) foreign economic aid to Israel would probably be adversely affected.

4. Nevertheless, even if it rejects the tactic of deliberately reopening the Palestine War, Israel will almost certainly continue to carry out reprisal raids and to sabotage the armistice machinery.

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A continuation of such tactics in the tense situation now prevailing will probably lead to armed clashes of increasing size and intensity, unless the size and efficiency of the UN Truce Supervision Organization are greatly increased or the great powers assume responsibility for the supervision of the borders. There is great danger that these clashes cannot be limited and will accidentally lead to full scale hostilities.

5. As a result of these developments, our estimate in NIE-92, "Israel" (11 August 1953) that an early renewal of hostilities is "unlikely" needs some modification. NIE-92 merely points out that war could break out by accident, but we now estimate that this danger is great. Consequently, we recommend that the Board initiate a slant on NIE-92. Since most of NIE-92 is still valid, however, we recommend that the slant be limited to: (a) Israeli intentions with respect to the Arab states; (b) the likelihood of renewed hostilities; and (c) the military capabilities of Israel and the Arab states. These questions could be handled in NIE 36-54 on the Arab states (scheduled for the 3rd quarter), but the chief subject of the slant would be the Israeli rather than the Arab attitude. We also feel that if any estimate is done, it should be done as soon as possible. Indeed, a major argument against doing a new NIE at all is that the planners and policy makers already appear to be fully aware of the explosive potentialities of the Arab-Israeli situation and that we may thus be merely writing for the record.

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